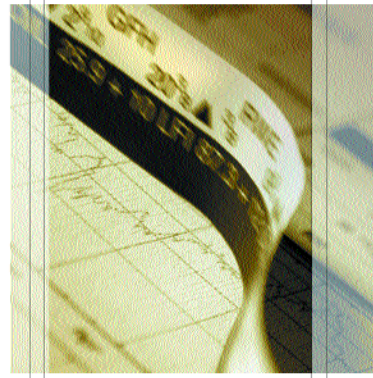


Investor Information

TVA is a wholly-owned corporation of the United States government whose primary objective is to generate prosperity for the people of the Tennessee Valley by supplying low-cost, reliable power, supporting a thriving river system, and stimulating economic growth.

In 1959, Congress authorized TVA to sell bonds in public markets to finance its own power operations requiring TVA's power system to become self-financing. TVA securities are issued only to provide capital for TVA's power program or to refund existing indebtedness.



Investors are attracted to TVA securities because:

- **The TVA name is well-known and synonymous with high quality.**
 - Triple-A rating (for rated securities)
 - Wholly owned by the U.S. government
- **TVA offers investment opportunities that provide exceptional value for investors.**
 - State and local tax advantages
 - Estate feature in some offerings
 - Variety of offerings to meet individual and institutional needs
- **Investors understand and have confidence in TVA's business.**
 - Well-managed electric utility providing low-cost, reliable power to nearly eight million consumers
 - Strong customer relationships
 - Board appointed by the U.S. President and confirmed by the Senate
 - Required by TVA Act to set rates sufficient to pay debt service on outstanding bonds
 - Holders of Power Bonds given first pledge of payment from net power proceeds



Customer-Driven Offerings

Issue	Coupon Rate	Maturity Date	Call Date	Denomination ¹	Quarterly Interest Payment Dates
2000 Series A, Estate Feature ²	7.15%	1/18/2005	1/18/2003	\$1,000	Jan. 18, April 18, July 18, Oct. 18
2000 Series B, Estate Feature ²	7.40%	1/18/2010	1/18/2003	1,000	Jan. 18, April 18, July 18, Oct. 18
2000 Series C, Estate Feature ²	7.50%	2/18/2015	2/18/2004	1,000	Feb. 18, May 18, Aug. 18, Nov. 18
2000 Series D, Estate Feature ²	7.65%	2/18/2020	2/18/2004	1,000	Feb. 18, May 18, Aug. 18, Nov. 18
2000 Series E, Estate Feature ²	7.75%	3/18/2030	3/18/2005	1,000	March 18, June 18, Sept. 18, Dec. 18
1999 Series A Putable Automatic Rate Reset Securities (PARRS)	6.50% ³	5/01/2029	Not callable	25	Feb. 1, May 1, Aug. 1, Nov. 1
1998 Series D Putable Automatic Rate Reset Securities (PARRS)	6.75% ³	6/01/2028	Not callable	25	March 1, June 1, Sept. 1, Dec. 1
1998 Series A, Estate Feature ²	6.35%	1/15/2018	1/15/2001	1,000	Jan. 15, April 15, July 15, Oct. 15
1996 Series A Quarterly Income Debt Securities (QIDS)	7.50%	3/31/2046	3/31/2001	25	March 31, June 30, Sept. 30, Dec. 31

To receive a complete listing of TVA securities, call Investor Relations at 1-888-882-4975.

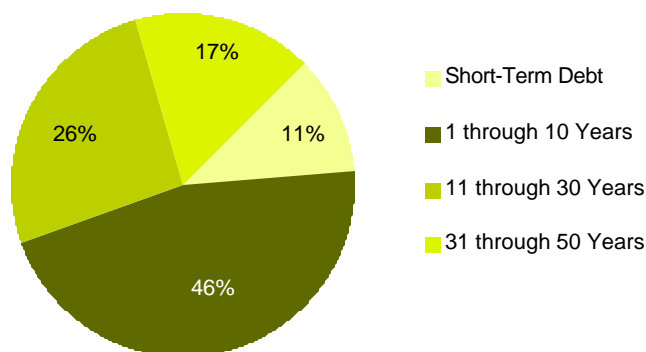
Securities Listing

TVA's listed power bonds (except for PARRS) are traded on the bond market of the New York Stock Exchange, and its QIDS and PARRS are traded on the New York Stock Exchange under the symbols TVB, TVC, and TVE. All of TVA's securities are publicly held.

Investment Opportunities

TVA designs and markets debt in a variety of innovative structures, including QIDS, PARRS, and an assortment of other debt securities. TVA's securities are held in book-entry form through either the Federal Reserve System or the Depository Trust Corporation. As of February 28, 2001, TVA had 33 long-term public debt issues outstanding.

TVA Debt Maturities



1 Market prices and broker policies may require that investors pay more or less than par value for the security.

2 Estate Features allow the bonds to be redeemed at par plus accrued interest upon death of the owner by proper request, subject to certain limitations.

3 Initial coupon rate, subject to downward adjustment.

Advantages of State and Local Income Tax Exemption

Both principal and interest on TVA securities are generally exempt from state and local income taxes. TVA securities are not exempt from estate, inheritance, and gift taxes, or from federal income tax.

One of the best ways to appreciate the advantage of the state and local income tax exemption of a TVA security is to compare it to a similar investment that is subject to state and local income taxes. The table below shows the equivalent taxable yield for a range of yields on TVA securities depending on your state and local income tax rate. An individual in a 12% state and local income tax bracket, for example, would have to earn at least 8.5%⁴ on an investment that is subject to state and local income taxes to net the same after-tax income that could be earned on TVA's 1996 Series A QIDS yielding 7.5%.

The simple formula described below can be used to compare the yields between TVA state and local income tax-exempt securities and similar investments that are subject to state and local income taxes.

Take 1 minus your state/local income tax rate, then divide the TVA security's coupon rate by the total. The answer equals the rate that must be obtained on an investment that is subject to state and local income taxes to net the same after-tax income that could be earned on a TVA security.⁴

Taxes may vary due to individual circumstances. For specific tax information, please consult a tax advisor.

Equivalent Taxable Yields⁴ for State and Local Income Taxes

Issue	Coupon Rate ⁶	State and Local Income Tax Rate ⁵					
		2%	4%	6%	8%	10%	12%
2000 Series E, QUINTS	7.750%	7.908%	8.073%	8.245%	8.424%	8.611%	8.807%
2000 Series D, QUINTS	7.650%	7.806%	7.969%	8.138%	8.315%	8.500%	8.693%
1996 Series A, QIDS, 2000 Series C, QUINTS	7.500%	7.653%	7.813%	7.979%	8.152%	8.333%	8.523%
2000 Series B, QUINTS	7.400%	7.551%	7.708%	7.872%	8.043%	8.222%	8.409%
2000 Series A, QUINTS	7.150%	7.296%	7.448%	7.606%	7.772%	7.944%	8.125%
1998 Series D, PARRS	6.750% ⁷	6.888%	7.031%	7.181%	7.337%	7.500%	7.670%
1999 Series A, PARRS	6.500% ⁷	6.633%	6.771%	6.915%	7.065%	7.222%	7.386%

⁴ Without taking into account the federal deduction for any state taxes paid.

⁵ Source: Federation of Tax Administrators, January 1999.

⁶ Before-tax yield.

⁷ Initial coupon rate, subject to downward adjustment.







U.S. Government Agencies and Government-Sponsored Enterprises (GSEs)

As a federal agency, TVA's relationship to the U.S. government is stronger and closer than any of the GSEs with which TVA is commonly compared. Although TVA and the GSEs were established by acts of Congress, GSEs are sponsored by the government and TVA is wholly owned by the government.

A Comparison of TVA and GSEs

	TVA	Fannie Mae	Farm Credit	Federal Home Loan Bank	Freddie Mac	Sallie Mae
Year chartered by U.S. Congress to carry out its purpose	1933	1938	1916	1932	1970	1972
Explicit guarantee by government	No	No	No	No	No	No
Rating ⁸	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA
Legal investment for national banks	Yes	Yes	Yes	Yes	Yes	Yes
Bonds exempt from S.E.C. registration	Yes	Yes	Yes	Yes	Yes	Yes
Authority to borrow from U.S. Treasury	Yes	Yes	No	Yes	Yes	Yes
Interest on bonds generally exempt from state and local income taxes	Yes	No	Yes	Yes	No	Yes
Equity owned by government	Yes	No	No	No	No	No
Regulatory body	All Directors appointed by President and confirmed by Senate	Office of Federal Housing Enterprise Oversight (OFHEO)	Farm Credit Admin. Enterprise (FCA)	Federal Housing Finance Board (FHFB)	Office of Federal Housing Enterprise Oversight (OFHEO)	U.S. Treasury
Power of eminent domain	Yes	No	No	No	No	No
Borrowing on budget of U.S. government	Yes	No	No	No	No	No

Major U.S. Agency Issuers: Asset Classes

TVA	Fannie Mae	Farm Credit	Federal Home Loan Bank	Freddie Mac	Sallie Mae
<i>Generation & transmission fixed assets</i>	<i>Mortgages</i>	<i>Agricultural Loans</i>	<i>Bank loans & other financial services</i>	<i>Mortgages</i>	<i>Educational loans</i>
					

⁸ For senior long-term debt obligations.

Answers to Frequently Asked Questions about TVA Securities

How do I purchase TVA securities?

TVA securities can be purchased through a broker, bank, or other financial institution.

Are the principal and interest payments on TVA securities tax-exempt?

Both principal and interest on TVA securities are generally exempt from state and local income taxes. TVA securities are not exempt from estate, inheritance, and gift taxes, or from federal income tax. Taxes may vary due to individual circumstances. Please consult a tax advisor for specific tax information. The reference in the TVA Act regarding taxation of TVA securities is 16 U.S.C. § 831n-4(d).

Are QIDS and PARRS preferred stock or debt securities?

Although QIDS and PARRS resemble the structure of preferred stock, they are in fact TVA debt securities which pay interest on a quarterly basis. These securities are listed on the New York Stock Exchange for ease of trading. TVA is wholly owned by the U.S. government and is not authorized to issue stock.

When is the last day to purchase TVA securities to receive the next interest payment?

To receive the next interest payment, you must be the owner of record on the business day immediately before the relevant interest payment.

How are interest payments made? Will I receive a certificate for my investment in TVA securities?

TVA makes principal and interest payments electronically on the date the interest payment is due (or the first business day following a weekend or holiday) through either the Federal Reserve System or the Depository Trust Corporation. These organizations forward payments directly to the brokers, banks, or other financial institutions who, in turn, forward the payments to the individual investors. The use of this electronic system eliminates the need for certificates.

Will TVA notify me when my security is called (redeemed)?

In most cases, TVA will give a 30-day prior notice of its intent to call a security. Depending on the security, TVA will notify either the Depository Trust Corporation or the Federal Reserve System. These organizations will notify the brokers, banks, or other financial institutions who, in turn, will notify the individual investors. TVA also issues a news release prior to a call. These news releases are available on TVA's Web site or by TVA's e-mail alert. E-mail alert automatically sends a notice when a news release is posted to TVA's Web site. To view news releases and learn more about how to subscribe to TVA's e-mail alert, visit TVA's Web site at www.tva.com/finance.

Does the U.S. government guarantee TVA securities?

TVA's rated bonds receive the highest rating from Moody's and Standard & Poor's (Aaa/AAA), which is derived from TVA's status as a wholly-owned corporate agency of the U.S. government and its key credit strengths. These strengths include the requirements that (1) holders of power bonds are given first pledge of payment from net power proceeds, and that (2) TVA charge electricity rates sufficient to ensure the full payment of annual debt service as well as to cover operating and capital costs.

In 1959, Congress authorized TVA to sell bonds in public markets to finance its own power operations. This required TVA's power system to become self-financing and fund its internal cash and capital requirements with operating cash flow and debt. TVA securities may be issued only to provide capital for TVA's power program or to refund existing indebtedness. TVA securities are backed solely by the net power proceeds of the TVA power system and are not obligations of or guaranteed by the U. S. government.

These questions and answers do not provide all information that may be important when considering TVA securities. Please carefully read the Offering Circulars together with the current Information Statement.

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E-mail Alert

E-mail alerts are messages that are conveniently delivered to a subscriber's e-mail address whenever certain new information is posted to the TVA's Investor Resources Web pages. To learn more about how to subscribe to e-mail alerts, visit TVA's Web site at www.tva.com/finance.

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